

CALIFORNIA DEPARTMENT OF INSURANCE  
LEGAL DIVISION

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Insurance Commissioner

**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF CALIFORNIA**

In the Matter of

GEICO GENERAL INSURANCE  
COMPANY, GEICO INDEMNITY  
COMPANY, GEICO CASUALTY  
COMPANY, and GOVERNMENT  
EMPLOYEES INSURANCE  
COMPANY

Respondents.

File No. UPA-2008-00006

**ORDER TO SHOW CAUSE;  
STATEMENT OF CHARGES RE  
VIOLATION OF PRIOR STIPULATION  
AND ORDER; NOTICE OF MONETARY  
PENALTY**

WHEREAS, the Insurance Commissioner of the State of California (hereafter, "the Commissioner") has reason to believe that GEICO GENERAL INSURANCE COMPANY, GEICO INDEMNITY COMPANY, GEICO CASUALTY COMPANY, and GOVERNMENT EMPLOYEES INSURANCE COMPANY (hereinafter "Respondents") have violated a prior Stipulation and Order issued pursuant to California Insurance Code ("CIC") Section 790.05 which has become final and while the Order is still in effect, as prohibited by CIC Section 790.07;

WHEREAS, the Commissioner has reason to believe that RESPONDENTS' actions in violation of the prior Stipulation and Order also show they have engaged in or are engaging in this State in the unfair methods of competition or unfair or deceptive acts or practices set forth below, each falling within CIC Section 790 et seq.;

WHEREAS, the Insurance Commissioner has reason to believe that a proceeding with

1 respect to the alleged acts of RESPONDENTS would be in the public interest;

2 NOW, THEREFORE, and pursuant to the provisions of CIC Sections 790.07,  
3 RESPONDENTS are ordered to appear before the Commissioner on a date to be determined and  
4 show cause, if any cause there be, why the Commissioner should not issue an Order requiring  
5 RESPONDENTS to Cease and Desist from further violation of the Stipulation and Order and  
6 engaging in the methods, acts, and practices set forth in the STATEMENT OF CHARGES  
7 contained herein in paragraphs 4 and 5 and imposing the penalties set forth in PETITION FOR  
8 DISCIPLINE AND ORDER herein.

9  
10 **GENERAL STATEMENT**

11 1. RESPONDENTS are, and at all relevant times have been, holders of a Certificate  
12 of Authority issued by the Commissioner and are authorized to act in the capacity of property and  
13 casualty insurers in California.

14 2. On May 2, 2007, an Order to cease and desist from engaging in specific methods  
15 of competition or unfair or deceptive acts or practices was issued against RESPONDENTS in file  
16 Nos. UPA 05048291, UPA 05048292, UPA 050408283, and UPA 05048294 (hereinafter  
17 “Order”). Specifically, RESPONDENTS were ordered to cease from engaging in methods, acts,  
18 or practices which are violative of CIC Sections 758(c), 758.5, 790.03(h)(5) and California Code  
19 of Regulations (“CCR”) Sections 2695.7(b)(1), 2695.7(g), 2695.8(f), and 2698.91, including, but  
20 not limited to, adjusting repair estimates without a compliant labor rate survey and steering. A  
21 copy of the Order is attached hereto as Exhibit A and incorporated by reference.

22 3. Additionally, pursuant to the Order RESPONDENTS agreed to submit a labor rate  
23 survey compliant with CIC section 758 and CCR section 2698.91. On June 11, 2007,  
24 RESPONDENTS submitted their survey to the Department of Insurance (hereinafter “the  
25 Department”). The survey submitted, however, was not in compliance with the statutes or  
26 regulations governing labor rate surveys. On September 24, 2007, the Department advised  
27 RESPONDENTS that the survey was non-complaint and should not be used to adjust claims.  
28 Nevertheless, RESPONDENTS continued to use the non-compliant survey to adjust claims.

**STATEMENT OF SPECIFIC CHARGES AND VIOLATIONS OF PRIOR  
STIPULATION AND ORDER**

4. The Commissioner, in his official capacity, now alleges that RESPONDENTS have violated certain provisions of the CIC, CCR, and the prior Order as follows:

a. On or about August 22, 2007, Melissa Martin made a third-party claim with Respondent GEICO GENERAL INSURANCE COMPANY for damage to her vehicle. The claimant took the vehicle to the shop of her choice. That shop wrote an estimate of the repair costs that was greater than Respondent's estimates due to the shop's labor rate being higher than the rate set by Respondent. Respondent adjusted the shop's labor rate by lowering it to Respondent's determined rate. This resulted in a difference in repair costs and the claimant paid the difference out-of-pocket. Respondent stated that their adjustment of the shop's rate was based on the belief that the shop's rates exceeded the generally accepted labor rates for the area. Respondent, however, neither had a compliant labor rate survey to determine the prevailing labor rate in the area nor provided any other evidence or support that its adjustment of the repair facility's estimate was reasonable. Respondent's acts are in violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). Additionally, Respondent's acts are in violation of the Order because the Order specifically required Respondents to cease and desist from further violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). [Claim No. 0283325230101023]

b. On or about October 26, 2007, Richard Clements made a first-party claim with Respondent GEICO GENERAL INSURANCE COMPANY for damage to his vehicle. The insured took the vehicle to the shop of his choice. That shop wrote an estimate of the repair costs that was greater than Respondent's estimates due to the shop's labor rate being higher than the rate set by Respondent. Respondent adjusted the shop's labor rate by lowering it to Respondent's determined rate. This resulted in a difference in repair costs and the insured paid the difference out-of-pocket. Respondent stated that their adjustment of the shop's rate was based on the belief that the shop's rates exceeded the

1 generally accepted labor rates for the area. Respondent, however, neither had a compliant  
2 labor rate survey to determine the prevailing labor rate in the area nor provided any other  
3 evidence or support that its adjustment of the repair facility's estimate was reasonable.  
4 Respondent's acts are in violation of CIC Section 790.03(h)(5) and CCR Sections  
5 2695.7(g) and 2695.8(f). Additionally, Respondent's acts are in violation of the Order  
6 because the Order specifically required Respondents to cease and desist from further  
7 violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). [Claim  
8 No. 0117391920101055]

9 c. On or about September 26, 2007, Kristin Teddy made a first-party claim  
10 with Respondent GEICO GENERAL INSURANCE COMPANY for damage to her  
11 vehicle. The insured took the vehicle to the shop of her choice. That shop wrote an  
12 estimate of the repair costs that was greater than Respondent's estimates due to the shop's  
13 labor rate being higher than the rate set by Respondent. Respondent adjusted the shop's  
14 labor rate by lowering it to Respondent's determined rate. This resulted in a difference in  
15 repair costs. Respondent stated that their adjustment of the shop's rate was based on the  
16 belief that the shop's rates exceeded the generally accepted labor rates for the area.  
17 Respondent, however, neither had a compliant labor rate survey to determine the  
18 prevailing labor rate in the area nor provided any other evidence or support that its  
19 adjustment of the repair facility's estimate was reasonable. Respondent's acts are in  
20 violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f).  
21 Additionally, Respondent's acts are in violation of the Order because the Order  
22 specifically required Respondents to cease and desist from further violation of CIC  
23 Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). [Claim No.  
24 0315708850101013]

25 d. On or about October 20, 2007, Bonnie Swenson made a third-party claim  
26 with Respondent GEICO INDEMNITY INSURANCE COMPANY for damage to her  
27 vehicle. The claimant took the vehicle to the shop of her choice. That shop wrote an  
28 estimate of the repair costs that was greater than Respondent's estimates due to the shop's

1 labor rate being higher than the rate set by Respondent. Respondent adjusted the shop's  
2 labor rate by lowering it to Respondent's determined rate. This resulted in a difference in  
3 repair costs and the claimant paid the difference out-of-pocket. Respondent stated that  
4 their adjustment of the shop's rate was based on the belief that the shop's rates exceeded  
5 the generally accepted labor rates for the area. Respondent, however, neither had a  
6 compliant labor rate survey to determine the prevailing labor rate in the area nor provided  
7 any other evidence or support that its adjustment of the repair facility's estimate was  
8 reasonable. Respondent's acts are in violation of CIC Section 790.03(h)(5) and CCR  
9 Sections 2695.7(g) and 2695.8(f). Additionally, Respondent's acts are in violation of the  
10 Order because the Order specifically required Respondents to cease and desist from  
11 further violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f).  
12 [Claim No. 01891908901010150-02]

13 e. On or about September 9, 2007, Carol Keller made a first-party claim with  
14 Respondent GEICO GENERAL INSURANCE COMPANY for damage to her vehicle.  
15 The insured took the vehicle to the shop of her choice. That shop wrote an estimate of the  
16 repair costs that was greater than Respondent's estimates due to the shop's labor rate  
17 being higher than the rate set by Respondent. Respondent adjusted the shop's labor rate  
18 by lowering it to Respondent's determined rate. This resulted in a difference in repair  
19 costs. Respondent stated that their adjustment of the shop's rate was based on the belief  
20 that the shop's rates exceeded the generally accepted labor rates for the area. Respondent,  
21 however, neither had a compliant labor rate survey to determine the prevailing labor rate  
22 in the area nor provided any other evidence or support that its adjustment of the repair  
23 facility's estimate was reasonable. Respondent's acts are in violation of CIC Section  
24 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). Additionally, Respondent's acts  
25 are in violation of the Order because the Order specifically required Respondents to cease  
26 and desist from further violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g)  
27 and 2695.8(f). [Claim No. 0168349950101070-01]  
28

1           f.       On or about October 12, 2007, Margaret Kresk made a first-party claim  
2 with Respondent GEICO GENERAL INSURANCE COMPANY for damage to her  
3 vehicle. The insured took the vehicle to the shop of her choice. That shop wrote an  
4 estimate of the repair costs that was greater than Respondent's estimates due to the shop's  
5 labor rate being higher than the rate set by Respondent. Respondent adjusted the shop's  
6 labor rate by lowering it to Respondent's determined rate. This resulted in a difference in  
7 repair costs. Respondent stated that their adjustment of the shop's rate was based on the  
8 belief that the shop's rates exceeded the generally accepted labor rates for the area.  
9 Respondent, however, neither had a compliant labor rate survey to determine the  
10 prevailing labor rate in the area nor provided any other evidence or support that its  
11 adjustment of the repair facility's estimate was reasonable. Respondent's acts are in  
12 violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f).  
13 Additionally, Respondent's acts are in violation of the Order because the Order  
14 specifically required Respondents to cease and desist from further violation of CIC  
15 Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). [Claim No.  
16 0165053960101020]

17           g.       On or about May 18, 2007, Sandy Handsher made a first-party claim with  
18 Respondent GEICO GENERAL INSURANCE COMPANY for damage to her vehicle.  
19 The insured took the vehicle to the shop of her choice. That shop wrote an estimate of the  
20 repair costs that was greater than Respondent's estimates due to the shop's labor rate  
21 being higher than the rate set by Respondent. Respondent adjusted the shop's labor rate  
22 by lowering it to Respondent's determined rate. This resulted in a difference in repair  
23 costs and the insured paid the difference out-of-pocket. Respondent stated that their  
24 adjustment of the shop's rate was based on the belief that the shop's rates exceeded the  
25 generally accepted labor rates for the area. Respondent, however, neither had a compliant  
26 labor rate survey to determine the prevailing labor rate in the area nor provided any other  
27 evidence or support that its adjustment of the repair facility's estimate was reasonable.  
28 Respondent's acts are in violation of CIC Section 790.03(h)(5) and CCR Sections

1 2695.7(g) and 2695.8(f). Additionally, Respondent's acts are in violation of the Order  
2 because the Order specifically required Respondents to cease and desist from further  
3 violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). [Claim  
4 No. 0147458530101116]

5 h. On or about August 28, 2007, Kristie Morris made a first-party claim with  
6 Respondent GEICO GENERAL INSURANCE COMPANY for damage to her vehicle.  
7 The insured took the vehicle to the shop of her choice. That shop wrote an estimate of the  
8 repair costs that was greater than Respondent's estimates due to the shop's labor rate  
9 being higher than the rate used by Respondent. Respondent adjusted the shop's labor rate  
10 by lowering it to Respondent's determined rate. This resulted in a difference in repair  
11 costs and the claimant paid the difference out-of-pocket. Respondent stated that their  
12 adjustment of the shop's rate was based on the belief that the shop's rates exceeded the  
13 generally accepted labor rates for the area. Respondent, however, neither had a compliant  
14 labor rate survey to determine the prevailing labor rate in the area nor provided any other  
15 evidence or support that its adjustment of the repair facility's estimate was reasonable.  
16 Respondent's acts are in violation of CIC Section 790.03(h)(5) and CCR Sections  
17 2695.7(g) and 2695.8(f). Additionally, Respondent's acts are in violation of the Order  
18 because the Order specifically required Respondents to cease and desist from further  
19 violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f) [Claim  
20 No. 0157456160101171-01]

21 i. On or about October 28, 2007, Gigi Lowder made a first-party claim with  
22 Respondent GEICO INDEMNITY INSURANCE COMPANY for damage to her vehicle.  
23 The insured took the vehicle to the shop of her choice. That shop wrote an estimate of the  
24 repair costs that was greater than Respondent's estimates due to the shop's labor rate  
25 being higher than the rate used by Respondent. Respondent adjusted the shop's labor rate  
26 by lowering it to Respondent's determined rate. This resulted in a difference in repair  
27 costs and the insured paid the difference out-of-pocket. Respondent stated that their  
28 adjustment of the shop's rate was based on the belief that the shop's rates exceeded the

1 generally accepted labor rates for the area. Respondent, however, neither had a compliant  
2 labor rate survey to determine the prevailing labor rate in the area nor provided any other  
3 evidence or support that its adjustment of the repair facility's estimate was reasonable.  
4 Respondent's acts are in violation of CIC Section 790.03(h)(5) and CCR Sections  
5 2695.7(g) and 2695.8(f). Additionally, Respondent's acts are in violation of the Order  
6 because the Order specifically required Respondents to cease and desist from further  
7 violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). [Claim  
8 No. 0334169170101018-01]

9 j. On or about September 5, 2007, Kathie Forbes-Baker made a first-party  
10 claim with Respondent GEICO INDEMNITY INSURANCE COMPANY for damage to  
11 her vehicle. The insured took the vehicle to the shop of her choice. That shop wrote an  
12 estimate of the repair costs that was greater than Respondent's estimates due to the shop's  
13 labor rate being higher than the rate set by Respondent. Respondent adjusted the shop's  
14 labor rate by lowering it to Respondent's determined rate. This resulted in a difference in  
15 repair costs. Respondent stated that their adjustment of the shop's rate was based on the  
16 belief that the shop's rates exceeded the generally accepted labor rates for the area.  
17 Respondent, however, neither had a compliant labor rate survey to determine the  
18 prevailing labor rate in the area nor provided any other evidence or support that its  
19 adjustment of the repair facility's estimate was reasonable. Respondent's acts are in  
20 violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f).  
21 Additionally, Respondent's acts are in violation of the Order because the Order  
22 specifically required Respondents to cease and desist from further violation of CIC  
23 Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). [Claim No.  
24 0306682260101015]

25 k. On or about September 5, 2007, Mark Khoury made a third-party claim  
26 with Respondent GEICO CASUALTY INSURANCE COMPANY for damage to his  
27 vehicle. The claimant took the vehicle to the shop of his choice. That shop wrote an  
28 estimate of the repair costs that was greater than Respondent's estimates due to the shop's

1 labor rate being higher than the rate set by Respondent. Respondent adjusted the shop's  
2 labor rate by lowering it to Respondent's determined rate. This resulted in a difference in  
3 repair costs and the claimant paid the difference out-of-pocket. Respondent stated that  
4 their adjustment of the shop's rate was based on the belief that the shop's rates exceeded  
5 the generally accepted labor rates for the area. Respondent, however, neither had a  
6 compliant labor rate survey to determine the prevailing labor rate in the area nor provided  
7 any other evidence or support that its adjustment of the repair facility's estimate was  
8 reasonable. Respondent's acts are in violation of CIC Section 790.03(h)(5) and CCR  
9 Sections 2695.7(g) and 2695.8(f). Additionally, when Mr. Khoury contacted Respondent  
10 regarding his claim, he was advised that he could not take his vehicle to the body shop of  
11 his choice and was encouraged to use another shop. Mr. Khoury was further advised that  
12 the body shop he chose would create problems with the handling of his claim. These acts  
13 are in violation of Insurance Code section 758.5, which specifically prohibits Respondents  
14 from requiring that an insured or claimant have their vehicle repaired at a specific  
15 automotive repair shop or suggesting or recommending that an automobile be repaired at a  
16 specific automotive repair dealer unless the claimant expressly requests a referral or has  
17 been informed in writing of the right to select the automotive repair shop of his choice.  
18 Moreover, Respondent's acts are in violation of the Order because the Order specifically  
19 required Respondents to cease and desist from further violation of CIC Sections 758.5 and  
20 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). [Claim No.  
21 0179036800101072]

22 1. On or about July 28, 2007, Pablo Sitolini made a third-party claim with  
23 Respondent GOVERNMENT EMPLOYEES INSURANCE COMPANY for damage to  
24 his vehicle. The claimant took the vehicle to the shop of his choice. That shop wrote an  
25 estimate of the repair costs that was greater than Respondent's estimates due to the shop's  
26 labor rate being higher than the rate set by Respondent. Respondent adjusted the shop's  
27 labor rate by lowering it to Respondent's determined rate. This resulted in a difference in  
28 repair costs. Respondent stated that their adjustment of the shop's rate was based on the

1 belief that the shop's rates exceeded the generally accepted labor rates for the area.  
2 Respondent, however, neither had a compliant labor rate survey to determine the  
3 prevailing labor rate in the area nor provided any other evidence or support that its  
4 adjustment of the repair facility's estimate was reasonable. Respondent's acts are in  
5 violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f).  
6 Additionally, Respondent's acts are in violation of the Order because the Order  
7 specifically required Respondents to cease and desist from further violation of CIC  
8 Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). [Claim No.  
9 0026756480101036]

10 m. On or about September 14, 2007, Manuel Pia made a claim with  
11 Respondent GOVERNMENT EMPLOYEES INSURANCE COMPANY for damage to  
12 his vehicle. The insured took the vehicle to the shop of his choice. That shop wrote an  
13 estimate of the repair costs that was greater than Respondent's estimates due to the shop's  
14 labor rate being higher than the rate set by Respondent. Respondent adjusted the shop's  
15 labor rate by lowering it to Respondent's determined rate. This resulted in a difference in  
16 repair costs. Respondent stated that their adjustment of the shop's rate was based on the  
17 belief that the shop's rates exceeded the generally accepted labor rates for the area.  
18 Respondent, however, neither had a compliant labor rate survey to determine the  
19 prevailing labor rate in the area nor provided any other evidence or support that its  
20 adjustment of the repair facility's estimate was reasonable. Respondent's acts are in  
21 violation of CIC Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f).  
22 Additionally, Respondent's acts are in violation of the Order because the Order  
23 specifically required Respondents to cease and desist from further violation of CIC  
24 Section 790.03(h)(5) and CCR Sections 2695.7(g) and 2695.8(f). [Claim No.  
25 0074911380101161]

26 5. The Commissioner further contends that RESPONDENTS have continued to  
27 violate Insurance Code section 758.5 by requiring, suggesting or recommending that the insured  
28 or claimant have their vehicle repaired at a specific automotive repair shop, in violation of the

1 Order. [See Exhibit B – Declarations of consumers stating that RESPONDENTS advised or  
2 suggested they take their vehicles to other shops after the consumer advised RESPONDENTS  
3 they had already chosen a body shop.]

4 a. On July 29, 2008, Diane Wayland, a third-party claimant, was contacted by  
5 Respondents' claims adjuster. The adjuster advised Ms. Wayland that the Respondents  
6 accepted full responsibility for the damage to her vehicle. After Ms. Wayland identified  
7 where she wanted to have her vehicle repaired, the adjuster told her to take her vehicle to  
8 another shop where the vehicle could be inspected and repaired. Despite his repeated  
9 advice to take the vehicle to an "approved" shop, Ms. Wayland took her vehicle to the  
10 shop of her choice. Respondents' acts are in violation of Insurance Code section 758.5.

11 b. Vicki David advised Respondents of the name of the auto body repair shop  
12 where she intended to have her vehicle repaired during her first conversation with  
13 Respondents. Ms. David was advised that Respondents had relationships with other body  
14 shops and she could take her vehicle to one of those shops. Respondent's representative  
15 indicated that the claim would move faster if Ms. David chose one of those other shops.  
16 Despite Respondent's suggestion, Ms. David took her vehicle to the shop of her choice.  
17 Respondents' acts are in violation of Insurance Code section 758.5.

18 c. When Evelin Yanes contacted Respondents to report her vehicle claim,  
19 they advised her to take her vehicle to a specific auto body repair facility for inspection.  
20 Following the inspection, Ms. Yanes advised the adjuster of the specific auto body repair  
21 shop where she would like to have the vehicle repaired. The adjuster recommended that  
22 she have her vehicle repaired at the shop where the inspection had taken place, telling her  
23 that she would end up paying more if she went to the her shop of choice. Respondents'  
24 acts are in violation of Insurance Code section 758.5.

25 d. Following the accident damaging his vehicle, Jon Babich took his vehicle  
26 to the auto body repair shop of his choice and advised Respondents of the location of his  
27 vehicle. Respondents indicated to Mr. Babich and his daughter that they would not pay  
28 the full cost of the repairs if he left his vehicle at the shop of his choice. However, if he

1 moved the vehicle to another shop, they would pay the entire claim. Respondents' acts  
2 are in violation of Insurance Code section 758.5.

3 e. When Michelle Tucker contacted Respondents to report her vehicle claim,  
4 they advised her to take her vehicle to a specific auto body repair facility for inspection.  
5 Ms. Tucker advised them that she knew where she wanted to take her vehicle, but  
6 Respondents insisted that she go to their specific shop, even though they were aware she  
7 had already chosen a repair shop. Respondents' acts are in violation of Insurance Code  
8 section 758.5.

9 f. When Joseph Bettencort contacted Respondents to report his vehicle claim,  
10 they recommended a specific auto body repair shop to him. Mr. Bettencort told them the  
11 name of the shop that he wanted to use for the repairs. Respondents advised him that his  
12 shop of choice was not on their recommended list. Respondents also made negative  
13 comments about his shop of choice. Mr. Bettencort felt Respondents were trying to make  
14 him take his vehicle to one their recommended shops. Respondents' acts are in violation  
15 of Insurance Code section 758.5.

16 g. When Julie Segura contacted Respondents to report her vehicle claim, they  
17 advised her to take her vehicle to a specific auto body repair facility for inspection.  
18 Following the inspection, Ms. Segura advised the adjuster of the specific auto body repair  
19 shop where she would like to have the vehicle repaired. The adjuster recommended that  
20 she have her vehicle repaired at the shop where the inspection had taken place, telling her  
21 that she would end up paying more if she went to her shop of choice. Respondents'  
22 acts are in violation of Insurance Code section 758.5.

23 h. When Robert Close contacted Respondents to report his vehicle claim, they  
24 advised him to take his vehicle to a specific auto body repair facility for inspection.  
25 Following the inspection, Mr. Close advised the adjuster of the specific auto body repair  
26 shop where he would like to have the vehicle repaired. The adjuster recommended that he  
27 have his vehicle repaired at the shop where the inspection had taken place, telling him that  
28 he would end up paying more if he went to his shop of choice. Respondents' acts are

1 in violation of Insurance Code section 758.5.

2 i. Following the accident damaging his vehicle, Stephen Hummel took his  
3 vehicle to the auto body repair shop of his choice and advised Respondents of the location  
4 of his vehicle. Respondents indicated to Mr. Hummel that they would not pay the full  
5 cost of the repairs if he left his vehicle at the shop of his choice. However, Respondents  
6 advised him that they had a list of other shops, and if he moved the vehicle to another  
7 shop, they would pay the entire claim. Respondents' acts are in violation of Insurance  
8 Code section 758.5.

9 j. When Debra Scott contacted Respondents to report her vehicle claim, they  
10 advised her to take her vehicle to a specific auto body repair facility for inspection.  
11 Before the inspection, Ms. Scott chose another auto body repair shop to repair her vehicle.  
12 She advised Respondents of her choice, but they insisted that she go to the shop they  
13 recommended for inspection. Following the inspection, the adjuster made repeated  
14 attempts to get her to leave her vehicle at Respondents' recommended shop.  
15 Respondents' acts are in violation of Insurance Code section 758.5.

16  
17 **STATEMENT OF MONETARY PENALTY ORDER, AND STATEMENT OF**  
18 **POTENTIAL LIABILITY, PURSUANT TO CIC § 790 et. seq**

19 6. The facts alleged above in paragraphs 4 and 5 show that RESPONDENTS  
20 engaged in acts in violation of the Order issued against RESPONDENTS on May 2, 2007,  
21 requiring RESPONDENTS to cease and desist from these specific methods, acts, or practices.

22 7. The facts alleged above in paragraphs 4 and 5 constitute grounds, under California  
23 Insurance Code Section 790.07, for the Insurance Commissioner to order RESPONDENTS to pay  
24 a penalty not to exceed Five Thousand Dollars (\$5,000) plus any penalty due under California  
25 Insurance Code Section 790.05 for violation of a cease and desist order, or if the violation of the  
26 Order was willful, a penalty not to exceed Fifty-Five Thousand Dollars (\$55,000) plus any  
27 penalty due under California Insurance Code Section 790.05.

28 8. The facts alleged above in Paragraphs 4 and 5 constitute grounds, under CIC §

1 790.05, for the Insurance Commissioner to order RESPONDENT to cease and desist from  
2 engaging in such in such unfair acts or practices and to pay a civil penalty not to exceed five  
3 thousand dollars (\$5,000) for each act, or if the act or practice was willful, a civil penalty not to  
4 exceed ten thousand dollars (\$10,000) for each act as set forth under Section 790.035 of the  
5 California Insurance Code

6  
7 **PETITION FOR DISCIPLINE AND ORDER**

8 WHEREFORE, Petitioner prays for judgment against RESPONDENTS as  
9 follows:

- 10 1. An Order to Cease and Desist from engaging in all unfair acts or practices  
11 in violation of the prior Order, dated May 2, 2007,
- 12 2. An Order to Cease and Desist from engaging in all unfair acts or practices  
13 in violation of Section 790.03 and the regulations promulgated pursuant to  
14 California Insurance Code Section 790.10 as set forth above;
- 15 3. For acts in violation of Section 704 of the California Insurance Code, suspension  
16 of Respondent's certificate of authority for not exceeding one year;
- 17 4. For acts in violation of a previous cease and desist order issued against  
18 RESPONDENTS and pursuant to California Insurance Code Section  
19 790.07 as set forth above, a civil penalty of Fifty-Five Thousand Dollars  
20 (\$55,000).
- 21 5. For acts in violation of Insurance Code Section 790.03 and the regulations  
22 promulgated pursuant to Section 790.10 of the Insurance Code, as set forth  
23 above, a civil penalty not to exceed five thousand dollars (\$5,000) for each  
24 act or, if the act or practice was willful, a civil penalty not to exceed ten  
25 thousand dollars (\$10,000) for each act;

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Dated: December 16, 2008

STEVE POIZNER  
Insurance Commissioner

By                     /s/                      
Teresa R. Campbell  
Senior Staff Counsel